

Message Text

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47

ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 AID-20 COME-00 EB-11 FRB-03

TRSE-00 XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01

EURE-00 DRC-01 /151 W

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O 241710Z JUL 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4062

UNCLAS OTTAWA 2330

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, CA

SUBJECT: BANK OF CANADA RATE INCREASE

FOLLOWING IS FULL TEXT OF BANK OF CANADA PRESS STATEMENT
OF JULY 23 ON INCREASE OF BANK RATE TO 9 1/4 PERCENT:

QUOTE THE BANK OF CANADA ANNOUNCED TONIGHT THAT THE
BANK RATE HAS BEEN INCREASED TO 9 1/4 PERCENT EFFECTIVE JULY 24,
1974. THE BANK RATE HAD BEEN SET AT 8 3/4 PERCENT ON MAY 13,
1974.

QUOTE IN COMMENTING ON THE INCREASE IN THE BANK RATE THE
GOVERNOR OF THE BANK OF CANADA, MR. GERALD K. BOUEY, DREW
ATTENTION TO THE CONTINUING STRONG DEMAND FOR CREDIT IN
CANADA AND TO THE PREVAILING HIGH LEVELS OF SHORT-TERM
INTEREST RATES ABROAD. THIS MOVE BRINGS THE BANK RATE MORE
CLOSELY INTO LINE WITH CURRENT LEVELS OF OTHER SHORT-TERM
INTEREST RATES IN CANADA.

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QUOTE IT REMAINS THE BASIC OBJECTIVE OF THE BANK'S

POLICY TO FACILITATE RATES OF EXPANSION OF MONEY AND CREDIT CONSISTENT WITH CONTINUING GROWTH OF THE CANADIAN ECONOMY AS WELL AS A MODERATION OF INFLATIONARY PRESSURES.

QUOTE THE INTEREST RATE AT WHICH THE BANK IS PREPARED TO ENTER INTO PURCHASE AND RESALE AGREEMENTS WITH MONEY MARKET DEALERS WILL CONTINUE TO BE SET AT 1/4 OF ONE PERCENT ABOVE THE AVERAGE 91-DAY TREASURY BILL RATE AT THE LATEST WEEKLY TENDER, SUBJECT TO A MINIMUM OF BANK RATE MINUS 3/4 OF ONE PERCENT AND A MAXIMUM OF BANK RATE PLUS 1/2 OF ONE PERCENT. END QUOTE.
JOHNSON

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30 JUN 2005

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TAGS: EFIN, CA, BANK OF CANADA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005